

Virginia Department of Taxation

Update on Electronic Filing of Retail Sales and Use Tax

Craig M. Burns
Tax Commissioner

Retail Sales and Use Tax eFile Program

- Item 273 of 2012-14 Appropriations Act (2012 *Acts of Assembly* Special Session I, Chapter 3) requires the Department to collect sales tax returns and payments electronically
 - Monthly filers effective with return due August 20, 2012
 - Quarterly filers effective with returns due October 20, 2013
- Waiver from the provisions of requirement available
- Biennial savings of \$180,000 GF adopted by General Assembly in the 2012-14 Appropriations Act
 - Elimination of printing/mailling payment coupons
 - Reduction in staff/equipment used to process paper returns/checks cost

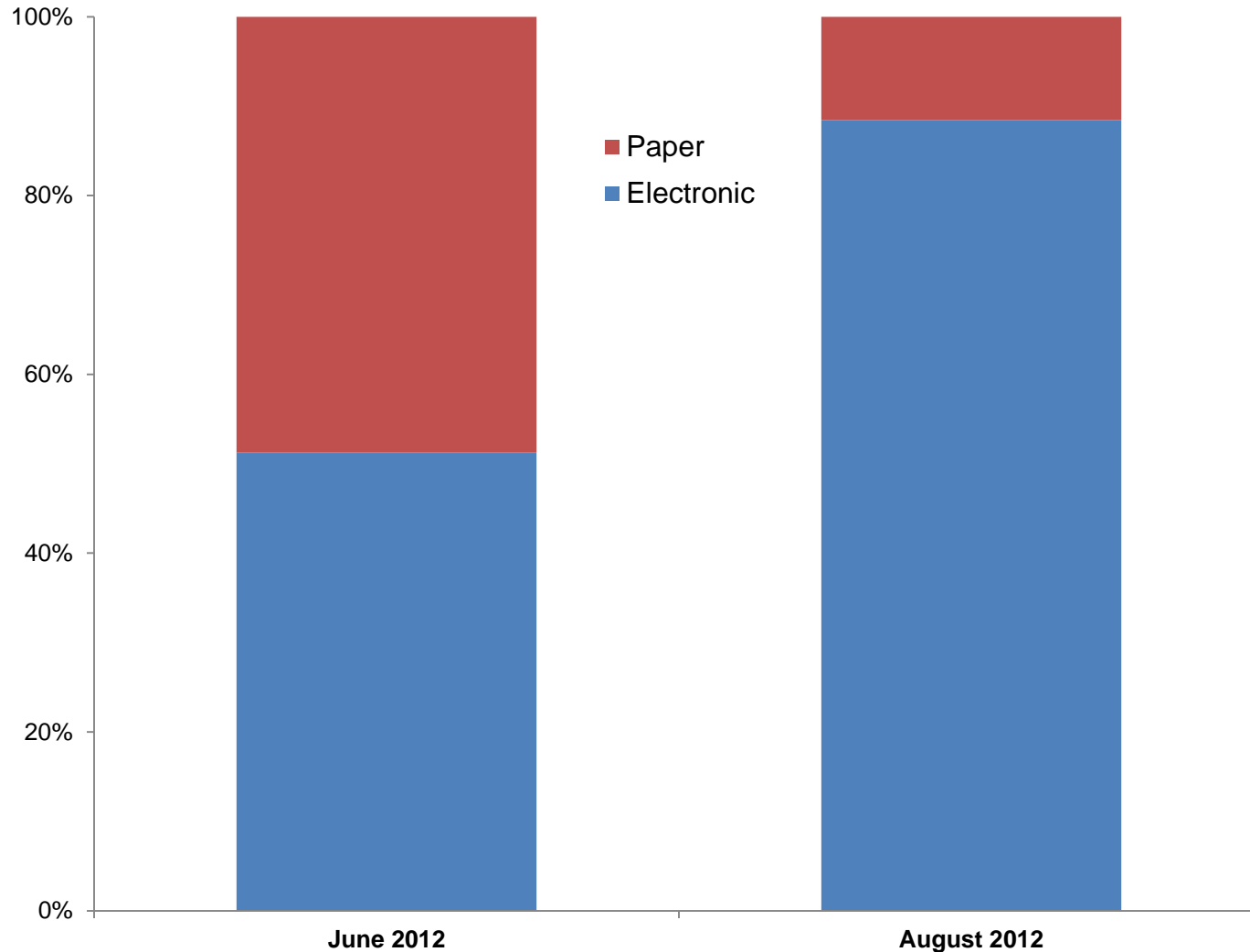
Retail Sales and Use Tax eFile Program - Implementation

- Notified industry groups early in May of the new requirement and met with representatives to
 - Discuss new requirement
 - Review implementation timeline and activities
 - Demonstrate the three free electronic filing portals
 - Receive comments, suggestions, and feedback to improve implementation process/filing options
- Modified dealer notification mailer, added functionality to eForms filing software, and identified need for development of informational video based on feedback from meeting
- Notified almost 70,000 dealers in late June of requirement, filing options, and waiver request form
- Posted sales tax electronic filing video on agency website in early July

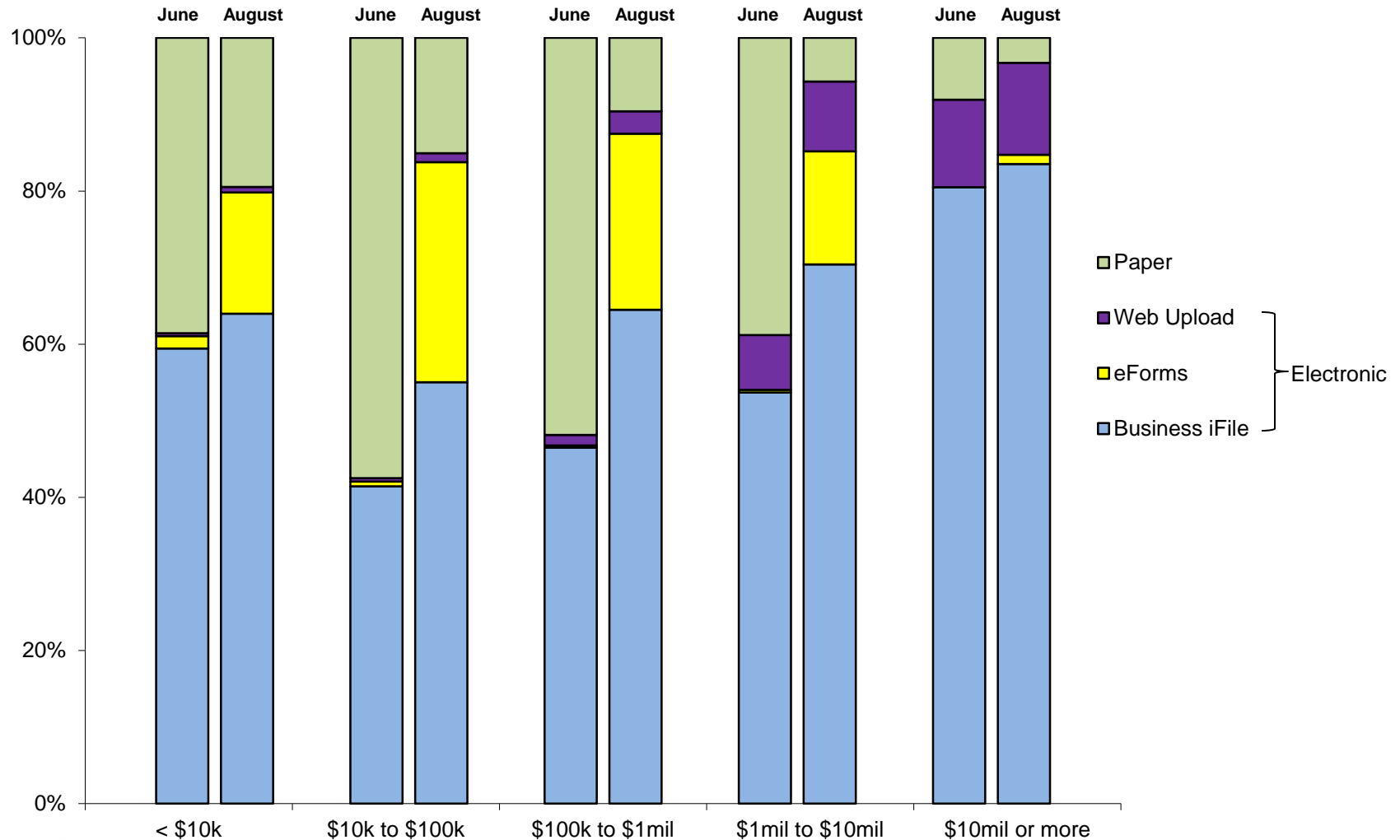
Retail Sales and Use Tax eFile Program - Implementation

- Adjusted agency operations to address anticipated increase in customer service requests
 - Retained wage call center filing season representatives
 - Extended call center hours before and on the August 20 filing deadline
 - Transferred staff from other departments with call center and business tax experience to assist with call queues
- From user input refined eForms through the August 20 filing deadline
 - Added the functionality to warehouse a payment, detection of outdated Flash/Browser version directly on the landing page, and the ability to “Cancel” a form/payment
 - Changed review function to a calculate function to better explain the next steps
 - Switched the order of routing and account numbers on the payment screen to more common order
 - Developed a sales tax “How to” PowerPoint guide to help taxpayers with minimal computer skills get started
- On August 17th extended the filing deadline to August 25th to provide sufficient time for dealers to enroll and make transition from paper to one of the electronic filing options
- On August 20/21st server issues at the VITA datacenter prevented some dealers from accessing the systems
 - Although majority of dealers had already filed, the previously granted extension provided others the necessary time to file

Retail Sales and Use Tax eFile Program Results (August 2012)



Retail Sales and Use Tax eFile Program Results (August 2012)



Retail Sales and Use Tax eFile Program - Waivers

- Electronic filing mandate also authorizes the Tax Commissioner to waive the electronic filing requirement
 - Mailing to dealers included instructions and form for requesting a waiver
- As of September 1, over 1,900 waivers were requested and all were approved
 - 74 percent temporary
 - 26 percent permanent/indefinite
- Majority of dealers requesting temporary waiver reported that they would electronically file sales tax within 12 months

Temporary Waiver Duration	
1 - 3 months	39 %
4 – 6 months	32 %
7 – 12 months	22 %
Other	7 %

Conclusion

- After one month, program has transitioned majority of paper filers to eFile
 - Low volume of waiver requests, with majority requesting temporary waiver
- Issues identified to date have been resolved and experience should ensure a smooth September
- Continue to work with dealers to improve process/access for electronic filing of sales and use tax returns